

COMMONWEALTH OF KENTUCKY  
BEFORE THE ENERGY REGULATORY COMMISSION

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In the Matter of:

THE APPLICATION OF SALT RIVER RURAL )  
ELECTRIC COOPERATIVE CORPORATION FOR )  
AN ORDER AUTHORIZING A PASS-THROUGH ) CASE NO. 8008  
OF EAST KENTUCKY POWER WHOLESALE )  
POWER RATE INCREASE IN CASE NO. 7981 )

O R D E R

On October 30, 1980, Salt River Rural Electric Cooperative Corporation (Applicant) filed its Application to flow-through any increase in rates granted its wholesale power supplier, East Kentucky Power Company, Inc. (East Kentucky) in Case No. 7981. Applicant is one of eighteen member distribution cooperatives of East Kentucky. In Case No. 7981, East Kentucky requested an increase in revenue of approximately \$25,631,320. Of this total increase, Applicant would experience an increase in power costs of approximately \$2,533,276. This increase represents 9.88% of the proposed East Kentucky increase and would result in an overall increase to Applicant's consumers of 19.04%.

The matter was scheduled for hearing on January 23, 1981, at the Commission's offices in Frankfort, Kentucky. The hearing was conducted as scheduled and the Consumer Protection Division of the Attorney General's office was the only intervenor present.

The matter, of the methodology for rate-making purposes, to process the increased power cost was discussed by Mr. L. Cole of Jackson County Rural Electric Cooperative Corporation in his testimony as spokesman for all eighteen (18) cooperatives and Mr. M. Kays in his testimony on behalf of the methodology of Grayson County Rural Electric Cooperative Corporation. The methodology most used by the applicants was the percentile method, whereby the increased

wholesale power cost is divided by the normalized test period revenue, then 100% is added to the quotient and multiplied by all the current rates. Another rate-making procedure, an energy adder charge to metered KWH sales, was also discussed. The energy adder charge procedure is the process whereby the increased wholesale power cost is divided by the metered KWH's and the quotient, being in dollars per KWH, is added to the metered KWH rates only.

The Commission after review of the evidence of record and being advised is of the opinion and so FINDS:

(1) That the actual increase granted East Kentucky in Case No. 7981 is \$25,631,320 which will result in an increase in power costs to Applicant of \$2,533,276.

(2) That Applicant is entitled to recover the increased wholesale power costs granted in Case No. 7981 and its financial condition would be materially impaired if it were not allowed to recover this additional cost.

(3) That the revised rates and charges set out in the attached Appendix "A" are designed to reflect only the increased power costs from East Kentucky, granted in the final order in Case No. 7981.

(4) That the flow-through of the wholesale power costs will not result in any additional net margin to Applicant.

(5) That the most equitable method for rate-making purposes is the energy adder charge, therefore, this is the rate-making procedure used to determine the final rates in this case.

IT IS THEREFORE ORDERED, that Salt River Rural Electric Cooperative Corporation is hereby authorized to flow-through the increased power costs resulting from the rate increase granted its wholesale power supplier in Case No. 7981.

IT IS FURTHER ORDERED, that the rates set out in Appendix "A" shall be placed into effect simultaneously with the effective date of the East Kentucky wholesale power increase.

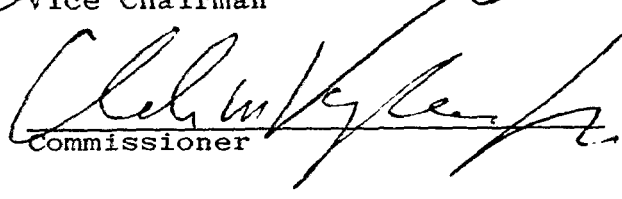
IT IS FURTHER ORDERED, that Salt River Rural Electric Cooperative Corporation shall file within twenty (20) days from the date of this Order its revised tariff sheets setting out the rates and charges approved herein.

Done at Frankfort, Kentucky, this the 26th day of February, 1981.

ENERGY REGULATORY COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

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Secretary

APPENDIX "A"

APPENDIX TO AN ORDER OF THE KENTUCKY ENERGY  
REGULATORY COMMISSION IN CASE NO. 8008  
DATED FEBRUARY 26, 1981.

The following rates and charges are prescribed for the customers in the area served by Salt River Rural Electric Cooperative Corporation. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the date of this Order.

SCHEDULE A-5  
FARM AND HOME SERVICE\*

Type of Service:

Single phase, 60 cycles, at available secondary voltage.

Rates:

First	40 KWH Per Month (minimum bill)	\$5.65 Per Month
Next	60 KWH Per Month	.06065 Per KWH
Next	100 KWH Per Month	.04785 Per KWH
Next	800 KWH Per Month	.04505 Per KWH
Next	1,000 KWH Per Month	.04205 Per KWH
Over	2,000 KWH Per Month	.03805 Per KWH

Minimum Charge:

The minimum monthly charge under the above rate shall be \$5.65 where 25 KVA or less transformer capacity is required. For members requiring more than 25 KVA transformer capacity, the minimum monthly charge shall be increased at the rate of .75 of each additional KVA or fraction thereof required. Payment of the minimum charge shall entitle the member in all cases to the use of the number of kilowatt hours, corresponding to the minimum charge in accordance with the foregoing rate.

SCHEDULE B-2  
COMMERCIAL AND SMALL POWER SERVICE\*

Rates:

First	40 KWH Per Month (minimum bill)	\$5.92 Per Month
Next	60 KWH Per Month	.09675 Per KWH
Next	200 KWH Per Month	.07345 Per KWH
Next	700 KWH Per Month	.05625 Per KWH
Over	1,000 KWH Per Month	.04825 Per KWH

Minimum Charge:

The minimum monthly charge under the above rate shall be \$5.92 where 37.5 KVA or less of transformer capacity is required. For consumers requiring more than 37.5 KVA of transformer capacity the minimum monthly charge shall be increased at the rate of .75 for additional KVA or fraction thereof required. When the minimum charge is increased in accordance with the terms of this section, additional energy shall be included in accordance with the foregoing rate.

SCHEDULE LLP-1  
LARGE POWER SERVICE (Over 37.5 - Under 500 KW)\*

Rates:

\$4.17 per month per KW of Billing Demand plus Energy Charges of:

0.04635 per KWH for the first 50 KWH used per month per KW of billing demand.

0.03835 per KWH for the next 50 KWH used per month per KW of billing demand.

0.03615 per KWH for all remaining KWH used per month.

SCHEDULE LLP-2  
LARGE POWER 500 KW UNDER 3,000 KW\*  
(Secondary Voltage)

Rates:

Demand Charge

\$4.17 Per Month per KW of Billing Demand

Energy Charge

First	20,000 KWH Per Month	\$ 0.04835 Per KWH
Next	20,000 KWH Per Month	.03555 Per KWH
Over	40,000 KWH Per Month	.03125 Per KWH

SCHEDULE OL  
OUTDOOR LIGHTING SERVICE\*

Rate Per Fixture:

Mercury	100	to	200 Watts	\$ 5.06 Per Month
Mercury	200	to	450 Watts	7.81 Per Month
Mercury	450	to	1200 Watts	12.05 Per Month

SCHEDULE OL-1  
STREET LIGHTING SERVICE\*

Rates:

First	40 KWH Per Month (minimum bill)	\$ 6.31 Per Month
Next	60 KWH Per Month	.07865 Per KWH
Next	100 KWH Per Month	.05725 Per KWH
Next	300 KWH Per Month	.04295 Per KWH
Over	500 KWH Per Month	.03135 Per KWH

SCHEDULE LLP-3  
LARGE POWER 500 KW - 3,000 KW\*  
(Primary Voltage)

Rates:

Demand Charge

\$4.17 Per Month per KW of Billing Demand

Energy Charge

First	20,000 KWH Per Month	\$ .05238 Per KWH
Next	20,000 KWH Per Month	.03868 Per KWH
Over	40,000 KWH Per Month	.03438 Per KWH

SCHEDULE LPR-1  
LARGE POWER 3,000 KW AND OVER\*

Rates:

Demand Charge

\$4.17 Per Month per KW of Billing Demand

Energy Charge

First	100,000 KWH Per Month	\$ .04614 Per KWH
Next	900,000 KWH Per Month	.03114 Per KWH
Over	1,000,000 KWH Per Month	.02634 Per KWH

\*Fuel Adjustment Clause

The above rate may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve month moving average of such losses.